

WAYS AND MEANS AND ENERGY AND COMMERCE LEADERS, REP. TITUS PRAISE BIPARTISAN PASSAGE OF THE MEDICARE

Thursday, 24 September 2009

"We have acted to prevent immense hikes in Medicare Part B premiums that would hurt millions of seniors and state budgets across the country. I urge the Senate to move quickly so that we can ensure that seniors and people with disabilities continue to have access to affordable Medicare coverage."

NEWS & CONGRESSMAN PETE STARK

239 Cannon House Office Building

Washington, DC 20515

(202) 225-5065

www.stark.house.gov

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CONTACT:

Rep. Stark: Brian Cook, 202-225-3202

Rep. Titus: Andrew Stoddard, 202-503-6738

Rep. Rangel: Matthew Beck, 202-225-8933

Rep. Waxman: Karen Lightfoot, 202-225-2927

Rep. Pallone: Richard McGrath, 202-225-4671

Rep. Dingell: Adam Benson, 202-225-4071

WAYS AND MEANS AND ENERGY AND COMMERCE LEADERS, REP. TITUS PRAISE BIPARTISAN PASSAGE OF
THE MEDICARE PREMIUM FAIRNESS ACT

H.R. 3631 would prevent unfair Medicare Part B premium increases for millions of seniors

WASHINGTON — Rep. Dina Titus (D-NV), House Ways and Means Committee Chairman Charles B. Rangel (D-NY) and Health Subcommittee Chairman Pete Stark (D-CA), and House Energy and Commerce Committee Chairman Henry A. Waxman (D-CA), Chairman Emeritus John D. Dingell (D-MI) and Health Subcommittee Chairman Frank Pallone (D-NJ) today praised bipartisan passage of the Medicare Premium Fairness Act (H.R. 3631) by a vote of 406-18 today.

H.R. 3631 will help protect 11 million seniors and cash-strapped states from unfair increases in their 2010 Medicare Part B premiums. The bill has been endorsed by AARP, the National Committee to Preserve Social Security and Medicare (NCPSSM), the Center for Medicare Advocacy (CMA), Alliance for Retired Americans, the National Active and Retired Federal Employees (NARFE) Association, the National Association of State Medicaid Directors (NASMD), and the Consortium for Citizens with Disabilities (CCD).

Rep. Stark: "We have acted to prevent immense hikes in Medicare Part B premiums that would hurt millions of seniors and state budgets across the country. I urge the Senate to move quickly so that we can ensure that seniors and people with disabilities continue to have access to affordable Medicare coverage."

Rep. Titus: "This important legislation will protect America's seniors from an increase in premiums at a time when too many are struggling to make ends meet. My state of Nevada has been hit hard by the economic recession as retirement savings have plummeted in value, putting a greater strain on seniors' pocketbooks. The combination of higher Medicare premiums and no cost-of-living adjustment is unacceptable for seniors who count on every dollar of their benefits."

Rep. Rangel: "Our nation's seniors are already experiencing difficult financial times. Many have seen their retirement nest eggs disappear due to the state of the economy and they are now facing a possible freeze on their Social Security benefits. While current law protects most of them already, the prospect that some may face a disproportionate increase in their Medicare premiums is inherently unfair. This legislation deals with this unprecedented situation, protecting these seniors and people with disabilities from these unjust premium increases."

Rep. Waxman: "Today the House has passed legislation that will protect seniors and the disabled from a rise in Medicare premiums at a time when there is no increase in their Social Security checks. All Medicare beneficiaries should be treated fairly and one group should not bear an excessive burden, particularly in these difficult economic times."

Rep. Pallone: "The cause of the problem may be the confluence of different bureaucratic definitions, but to senior citizens it will feel like a perfect storm that hits them sudden cost increases. We have to act and we have to act quickly. Senior citizens on fixed incomes are already struggling to pay their bills in these tough economic times. They need to be protected against increased premiums."

Rep. Dingell: "The President has made it clear he wants quality, affordable health care for all Americans and he wants it to be deficit neutral. This bill will help get us closer to both those goals. We can't — and won't — place the burden of this recession on the backs of our seniors. By protecting our seniors with H.R. 3631 we are making a clear statement — Medicare benefits will be protected."

Background

Currently, 42 million seniors and people with disabilities are enrolled in Medicare Part B. The standard Part B premium for 2009 is \$96.40 per month (higher for individuals with incomes over \$85,000 or \$170,000 for couples). By law, the premium is calculated each year to cover approximately 25 percent of the cost of the Medicare program.

Premiums would normally increase to roughly \$103 next year to cover 25 percent of the program's cost. However, a current law "hold harmless" policy ensures that most seniors do not see a decrease in their Social Security checks if the Part B premium increase is projected to be greater than the increase in Social Security. Because of the recession, next year's Social Security cost-of-living adjustment (COLA) may be zero and checks will not increase; the current law "hold harmless" means that Part B premiums will not increase for 2010 for 73 percent of enrollees.

The other 27 percent of enrollees are not held harmless under current law. These include low-income individuals who are eligible for Medicare and Medicaid (18%, or 7.3 million beneficiaries), higher-income Medicare beneficiaries (5%, or 2.1 million beneficiaries), new Medicare enrollees (3% or 1.3 million beneficiaries) and enrollees whose Medicare premiums are not deducted from their Social Security checks (2%, or 850,000 beneficiaries). Because of the way the law is written, premiums for the enrollees who are not currently held harmless would be disproportionately increased to \$110-\$120 per month, unless Congress acts. This is the first time that such an interaction has occurred.

This bill would extend the current hold harmless policy to all Medicare enrollees, meaning that no seniors will see a decrease in their Social Security checks due to Medicare Part B premiums.

CBO estimates the cost of the bill at \$2.8 billion for 2010 and the bill is fully paid for by reducing the Medicare Improvement Fund, a non-controversial set-aside fund in Medicare.

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